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TREASURY FOR OASIA/LMOGHTADER
USTR FOR STRATFORD, ALTBACH

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TAGS: ECON PREL CH TW

SUBJECT: CROSS-STRAIT TOURISM - OFFICIAL VENEER VERY THIN

REF: A. TAIPEI 418

- 1B. TAIPEI 1260
- 1C. TAIPEI 1398
- 1D. TAIPEI 2411
- 1E. TAIPEI 2991

CLASSIFIED BY: AIT DEPUTY DIRECTOR ROBERT S. WANG, REASON 1.4 D

11. (C) SUMMARY: DISCUSSIONS WITH TAIWAN TOURISM INDUSTRY LEADERS INDICATE THAT PRIVATE INDUSTRY ASSOCIATIONS WILL CONTINUE TO PLAY A CENTRAL ROLE IN CROSS-STRAIT DISCUSSIONS ON TOURISM, EVEN THOUGH A TAIWAN GOVERNMENT OFFICIAL IN AN UNOFFICIAL CAPACITY WILL SIGN ANY FINAL AGREEMENT. THEY ALL PREDICT THAT TAIWAN AND THE PRC WILL REACH AN AGREEMENT BY THE END OF THE YEAR TO FURTHER OPEN TAIWAN TO PRC TOURISTS. END SUMMARY.

INDUSTRY STILL LEADS DISCUSSIONS

12. (C) IN AN AUGUST 29 DISCUSSION WITH ECONOFF, MAINLAND AFFAIRS COUNCIL (MAC) ECONOMIC DIVISION DIRECTOR FU DON-CHENG EMPHASIZED THE FACT THAT THE NEW INDUSTRY ASSOCIATION, THE ACROSS THE TAIWAN STRAIT TOURISM ASSOCIATION, CREATED TO HANDLE FORMAL CROSS-STRAIT CONSULTATIONS ON TOURISM, WAS HEADED BY A TAIWAN GOVERNMENT OFFICIAL, DIRECTOR GENERAL HSU WEN-SHENG OF THE MINISTRY OF TRANSPORTATION AND COMMUNICATIONS TOURISM BUREAU (REF E). THIS MODEL DIFFERED FROM PREVIOUS CONSULTATIONS ON CROSS-STRAIT HOLIDAY CHARTER FLIGHTS CONDUCTED THROUGH THE TAIPEI AIRLINES ASSOCIATION AND LED BY THE HEAD OF ONE OF TAIWANS AIR CARRIERS. HAVING A TAIWAN GOVERNMENT OFFICIAL SIGN THE FINAL AGREEMENT WITH THE PRC REPRESENTS AN IMPORTANT BREAKTHROUGH FROM THE TAIWAN PERSPECTIVE. THIS IS TRUE EVEN THOUGH BOTH THE TAIWAN AND PRC SIGNERS WILL BE ACTING AS INDUSTRY ASSOCIATION REPRESENTATIVES. THE PRC SIGNER WILL ALSO BE A DOUBLE-HATTED GOVERNMENT OFFICIAL.

13. (C) HOWEVER, AFTER DISCUSSING PLANS FOR THE NEW ORGANIZATION WITH HSU, TAIWAN VISITORS ASSOCIATION (TVA)

CHAIRMAN CHANG SHUO-LAO AND TAIPEI ASSOCIATION OF TRAVEL AGENTS (TATA) CHAIRMAN YAO TA-KUANG, IT IS CLEAR THAT PRIVATE INDUSTRY WILL STILL PLAY A CENTRAL ROLE IN THE INFORMAL DISCUSSIONS ON AN AGREEMENT. TATA'S YAO TOLD AIT/T ON AUGUST 31 THAT HIS ORGANIZATION AND ITS UMBRELLA ORGANIZATION, THE TRAVEL AGENTS ASSOCIATION OF TAIWAN (TAAT), WERE IN THE PROCESS OF SORTING OUT WITH PRC COUNTERPARTS THE REMAINING TECHNICAL ISSUES TO BE RESOLVED. HE DETAILED THE OUTSTANDING ISSUES, INCLUDING TRAVELERS DOCUMENTATION, PLANS TO BIOMETRIC IDENTIFICATION DATA, MECHANISMS FOR RESOLVING BUSINESS DISPUTES ACROSS THE STRAIT, AND PROCEDURES FOR PRC VISITORS WHO OVERSTAY. YAO ALSO SAID THAT THE TWO SIDES WOULD HOLD AN INFORMAL CONSULTATION IN MID-SEPTEMBER TO DISCUSS THESE ISSUES.

¶4. (C) BY CONTRAST, TOURISM BUREAU DG HSU, THE TITULAR HEAD OF THE NEW ORGANIZATION, TOLD US ON AUGUST 31 THAT THE TOURISM BUREAU IS NOT DIRECTLY INVOLVED IN THE CROSS-STRAIT DISCUSSIONS AT THIS STAGE. HSU EXPLAINED CANDIDLY THAT HE JUST DOES WHAT MAC TELLS HIM TO WHEN IT COMES TO CROSS-STRAIT TOURISM. TVA'S CHANG, WHO ALSO SITS ON THE BOARD OF THE NEW ORGANIZATION, SEPARATELY CONFIRMED THIS ASSESSMENT, TELLING AIT ON SEPTEMBER 1 THAT HSU'S ONLY ROLE IN THE PROCESS WILL BE TO SIGN THE FINAL AGREEMENT AT A MEETING THAT WILL MOST LIKELY TAKE PLACE IN MACAO. ACCORDING TO CHANG, HSU'S COUNTERPART IN SIGNING THE AGREEMENT WILL NOT BE SHAO QI-WEI, HEAD OF THE PRC'S CROSS-STRAIT TRAVEL EXCHANGE ASSOCIATION AND DIRECTOR GENERAL OF THE CHINA NATIONAL TOURISM ASSOCIATION (CNTA), BUT RATHER HIS DEPUTY IN BOTH ORGANIZATIONS, ZHANG XI-QIN. TVA'S CHANG EXPLAINED THAT THE PRC VIEWS THE CNTA DIRECTOR GENERAL POSITION AS EQUIVALENT IN RANK TO A VICE MINISTER IN TAIWAN.

EXPECTATIONS OF ECONOMIC AND POLITICAL IMPACT

¶5. (C) HSU DESCRIBED HIGH EXPECTATIONS IN TAIWAN INDUSTRY AND AMONG TAIWAN AUTHORITIES THAT FURTHER OPENING TO PRC

TOURISTS WILL PAY MAJOR ECONOMIC DIVIDENDS TO TAIWAN. HE NOTED THAT OF 46 INTERNATIONAL HOTELS IN TAIWAN, 36 ARE UNDERGOING OR PLANNING EXPANSION. HE REPORTED THAT TAIWAN WAS HAVING TROUBLE REACHING ITS TARGET OF 3.75 MILLION TOURIST ARRIVALS IN 2006 AND WOULD NEED MAINLAND TOURISTS TO REACH ITS GOAL OF 5 MILLION ARRIVALS IN 2010. HOWEVER, HSU ALSO UNDERSCORED THE FACT THAT PREMIER SU TSENG-CHANG WAS NOT ONLY DRIVEN BY ECONOMIC INTERESTS IN FURTHER OPENING TAIWAN TO PRC TOURISTS. HE ALSO WANTS TO INCREASE PEOPLE-TO-PeOPLE CONTACT ACROSS THE STRAIT, HSU SAID.

¶6. (C) CHANG ARGUED THAT THE PRC WAS SIMILARLY MOTIVATED BY A DESIRE TO CHANGE TAIWAN ATTITUDES TOWARD THE PRC WITH MAINLAND TOURISTS. HE OBSERVED THAT MANY TAIWAN TRAVELERS TO THE PRC HAD SEEN ITS POVERTY. HOWEVER, WEALTHY PRC TOURISTS TO TAIWAN WOULD PRESENT A DIFFERENT PICTURE OF THE MAINLAND. ACCORDING TO CHANG, PRC TOURISTS HAVE ALREADY BEEN EFFECTIVE IN IMPROVING ATTITUDES IN HONG KONG TOWARD THE PRC.

AGREEMENT BY YEAR'S END

¶7. (C) HSU, CHANG, AND YAO ALL AGREED WITH MAC ECONOMIC DIVISION DIRECTOR FU'S ASSESSMENT THAT AN AGREEMENT ON TOURISM WOULD LIKELY BE CONCLUDED BY THE END OF THE YEAR. ALL FOUR MEN, HOWEVER, REFUSED TO SPECULATE ON THE PRECISE TIMING OF AN AGREEMENT. TVAS CHANG AND TATAS YAO BOTH COMMENTED THAT IF THE TWO SIDES CANNOT REACH AN AGREEMENT BY THE END OF THE YEAR, TAIWAN'S ELECTION CYCLE COULD INTERFERE AND DERAIL THE INITIATIVE, AS CAMPAIGNING FOR THE 2008 PRESIDENTIAL ELECTION BEGINS.

¶8. (U) ACCORDING TO MEDIA REPORTS, PRC TAIWAN AFFAIRS OFFICE DIRECTOR CHEN YUNLIN ON SEPTEMBER 7 CALLED ON TAIWAN TO MAKE ITS NEW ORGANIZATION FULLY OPERATIONAL. HE WAS PROBABLY REFERRING TO THE NEED FOR MAC TO FORMALLY ISSUE PAPERWORK AUTHORIZING IT TO ENGAGE IN CONSULTATIONS

WITH THE MAINLAND. CHEN SAID THAT ONCE THE ORGANIZATION IS OPERATIONAL, THE PRC WILL ISSUE AN INVITATION TO CONSULTATIONS.

YOUNG